

Mecklenburg County

Quarterly Economic Update



May 2020

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Report Summary

Quoting the Fed Chairman “Available economic data for the current quarter show a sharp drop in output and an equally sharp rise in unemployment. By these measures and many others, the scope and speed of this downturn are without modern precedent and are significantly worse than any recession since World War II. Since the pandemic arrived in force just two months ago, more than 20 million people have lost their jobs, reversing nearly 10 years of job gains. This precipitous drop in economic activity has caused a level of pain that is hard to capture in words, as lives are upended amid great uncertainty about the future. In addition to the economic disruptions, the virus has created tremendous strains in some essential financial markets and impaired the flow of credit in the economy.”

There is still a lot of uncertainty in our economic outlook, but I along with many other economists believe that second quarter GDP will post its largest decline in history (Down 33% for 2nd quarter) followed by the fastest quarter to quarter gain in the third quarter (Up 20% in 3rd quarter) We are already seeing continuing claims across the state and US decline as workers return to their jobs and consumer confidence stabilize. However, this outlook is based on no secondary resurgence of Covid-19 that would further delay the reopening of jobs and businesses.

Note: Unless otherwise noted all dates and charts refer to calendar year

National Summary

The nation's GDP declined 5.0% in the first quarter as the effects of stay-at-home orders take hold of the economy.



- Non-seasonally adjusted unemployment for the nation was 14.4 percent in April.
- US nonfarm payroll employment fell by 20.5 million in April the worst monthly drop on record.
- The Consumer Sentiment Index declined to 71.8 in April. Since January the index has fell from 99.8 but appears to be stabilizing as the country begins to reopen.
- Recent mass protest and gatherings pose a potential risk to increase cases of Covid-19. Additional spikes in new cases could disrupt economic recovery and slow reopening efforts.

| National Summary | Most Recent | Current Level | 1 Yr Ago | 5 Yr Ago | 10 Yr Ago |
|---------------------|-------------|---------------|----------|----------|-----------|
| Real GDP Growth | Q1 2020 | -5.0% | 3.1% | 3.2% | 1.5% |
| Points Variance | | | -8.1% | -8.2% | -6.5% |
| US Nonfarm Payroll | Apr-20 | (20,537,000) | 210,000 | 313,000 | 231,000 |
| Percentage Change | | | -9779.5% | -6561.3% | -8890.5% |
| CPI-U | Apr-20 | 0.54% | 1.52% | 0.10% | 2.22% |
| Points Variance | | | 1.0% | -0.4% | 1.7% |
| Consumer Sentiment | Apr-20 | 71.8 | 97.2 | 95.9 | 72.2 |
| Points Variance | | | -25.4 | -24.1 | -0.4 |
| US Leading Index | Feb-20 | 1.72% | 1.10% | 1.70% | 0.76% |
| Points Variance | | | 0.6% | 0.0% | 1.0% |
| National Gas Prices | Apr-20 | \$ 1.84 | \$2.80 | \$2.47 | \$2.85 |
| \$ Variance | | | \$0.96 | \$0.63 | \$1.01 |

Notes: Green highlights above show improving statistics; red areas show declining statistics. Consumer Price Index for Urban Consumers (CPI-U) was not given a color ranking as inflation should be looked at relative to target inflation. Year over Year (YoY) points refer to percentage point variance. All YoY numbers are expressed in terms of the last update received. i.e. If the last available update was FY 2019 then the YoY will compare to FY 2018. References to specific dates indicates the YoY is calculated from that date.

Local Summary

- The unemployment rate in March held at 3.9 percent, which was lower than the state (4.3%) or nation (4.5%).
- The local housing market shows buyers and sellers significantly scaled back home purchases and sales as new listings declined 35.3 percent and pending sales dropped 31.5 percent.
- Mecklenburg County population increased to 1.11 million. Wake County surpassed Mecklenburg as the State's most populous county.
- Over 5.3 million square feet of new office space was under construction in the 1st quarter of 2020. Due to the economic hit on the economy the virus has had the pace of new construction should slow.
- A survey by the Census Bureau showed residents of the County feel safer in their employment vs the rest of the Nation, but food scarcity and housing insecurity were more prevalent in the County. See page 8 for more details.



| Local Summary | Most Recent | Current Level | 1 Yr Ago | 5 Yr Ago | 10 Yr Ago |
|----------------------------------|-------------|---------------|-----------|-----------|-----------|
| Mecklenburg Population Level | FY 2019 | 1,110,356 | 1,093,750 | 1,010,229 | 913,311 |
| Percentage Change | | | 1.5% | 9.9% | 21.6% |
| Mecklenburg Poverty Population | FY 2018 | 126,098 | 120,634 | 150,572 | 95,508 |
| Percentage Change | | | 4.5% | -16.3% | 32.0% |
| Mecklenburg Poverty Population % | FY 2018 | 11.5% | 11.2% | 15.2% | 10.7% |
| Points Variance | | | 0.3% | -3.7% | 0.8% |
| Mecklenburg Unemployment Rate | Mar-20 | 3.9% | 4.0% | 5.6% | 11.5% |
| Points Variance | | | -0.1% | -1.7% | -7.6% |

Notes: Green highlights above show periods of positive results; red areas show declining results.

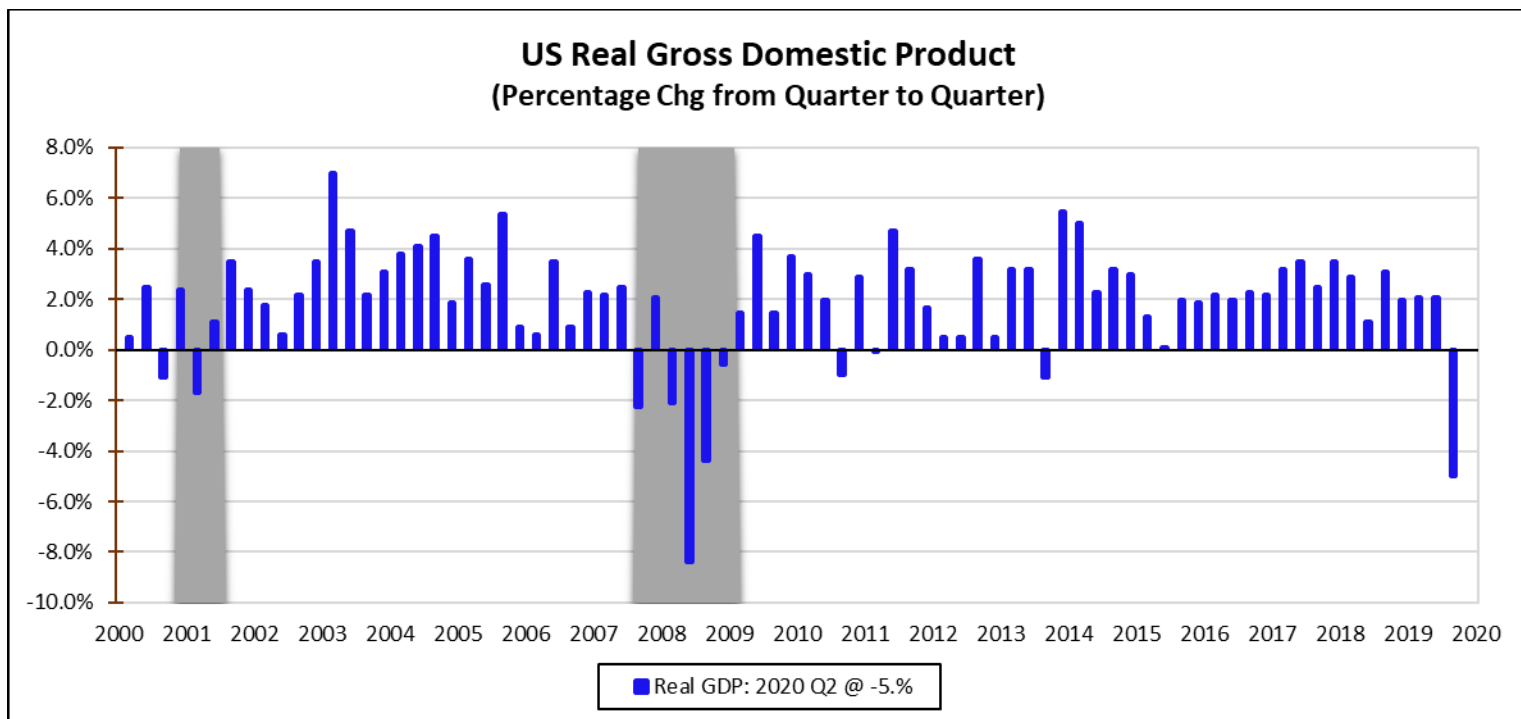
Gross Domestic Product

The US economy declined at an annualized rate of 5.0% in the 1st quarter of 2020 with the worst to come expected in the 2nd quarter.

U.S. GDP declined at an annualized rate of 5.0 percent in the first quarter of the calendar year, which is only the start of what we expect to be a much bigger decline in the second quarter. Consumer spending has fallen during the stay at home order as businesses are ordered closed or at a reduced capacity. The report showed from the preceding quarter services spending fell 10.2 percent. Durable goods, long lasting items such as appliances, cars, and equipment were down 16.1 percent from the 4th quarter. Nondurable goods did have somewhat of an offsetting effect as it increased by 6.9 percent.

Of the services spending nearly half of the decline in GDP contributable to services spending was from the healthcare industry. Elective surgeries, dental visits, and other forms of medical care have seen significant reductions. The healthcare industry is Mecklenburg's largest industry so losses within the industry can negatively impact the County's residents and County tax dollars.

Our 2nd quarter GDP forecast calls for a 33% decline in GDP, followed by a strong 3rd quarter recovery. The stay-at-home orders by most states significantly reduced spending causing a significant increase in personal savings from 9% to 33%. Expectations are for these savings to be spent out over the next two quarters.



Source: Bureau of Economic Analysis

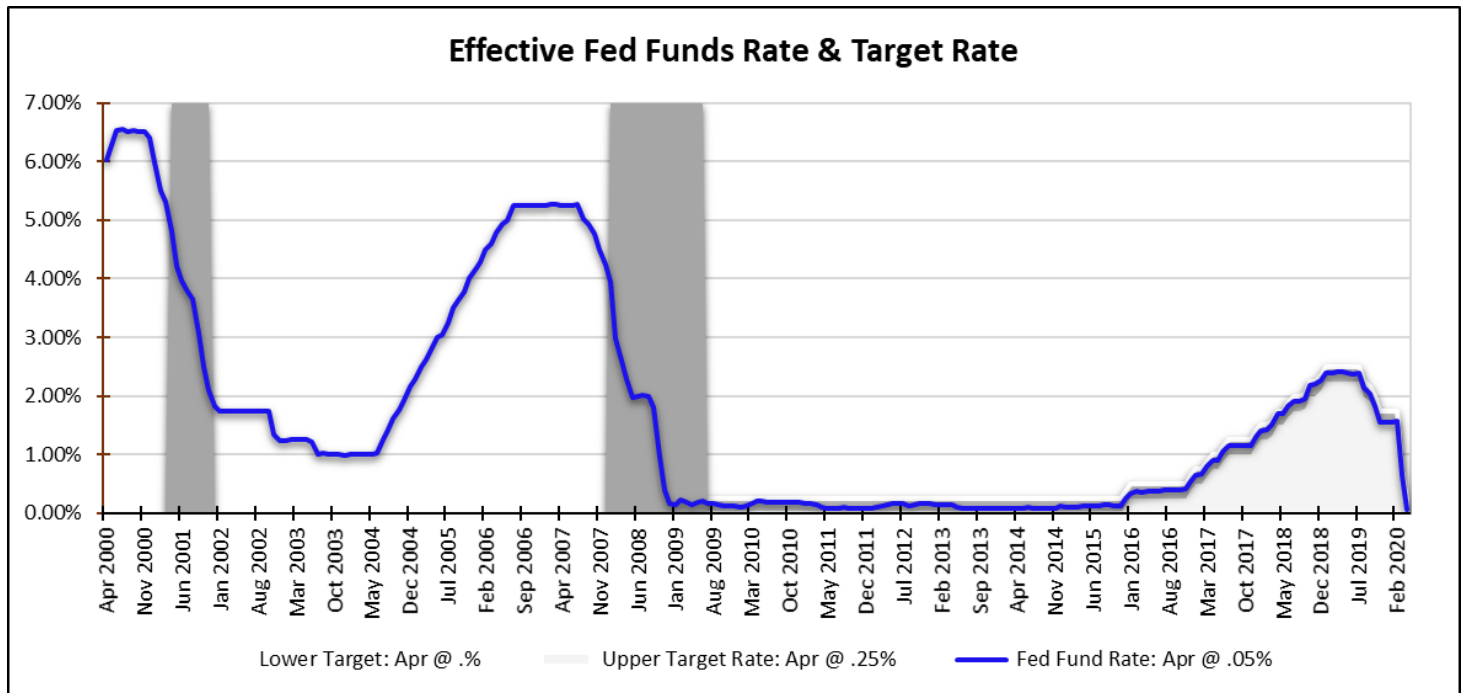
Fed Funds Rate

The Federal Reserve cut reduced interest rates to the zero to 25 basis points range on March 15th and announced a \$700 billion quantitative easing program. The quantitative easing will take the form of \$500 billion of Treasury's and \$200 billion of agency-backed mortgage securities.

Facing highly disrupted financial markets, the Fed also slashed the rate of emergency lending at the discount window for banks by 125 basis points to 0.25% and lengthened the term of loans to 90 days.

The discount window is part of the Fed's function as the "lender of last resort" to the banking industry. Institutions can use the window for liquidity needs, though some are reluctant to do as it can indicate they are experiencing financial issues and thus sends a bad message.

The fed funds rate is expected to remain in the 0 to 0.25% range through 2021 with the market even pricing in negative rates. The Federal Reserve has mulled a negative-rate policy since last October but doesn't want to go in this direction. "The Fed already has signaled an unwillingness to pursue this type of policy and (Fed Chairman) Powell mentioned that the Fed's thinking hasn't changed," noted J.P. Morgan in a late-May commentary.



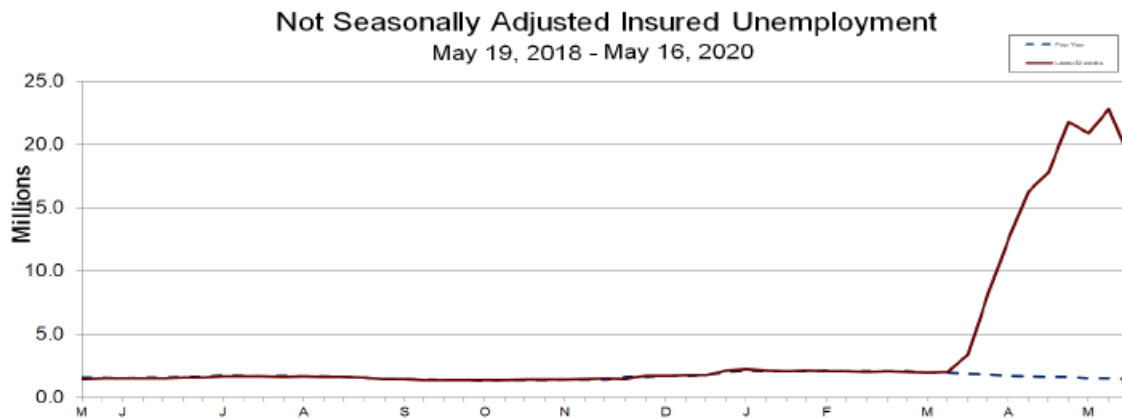
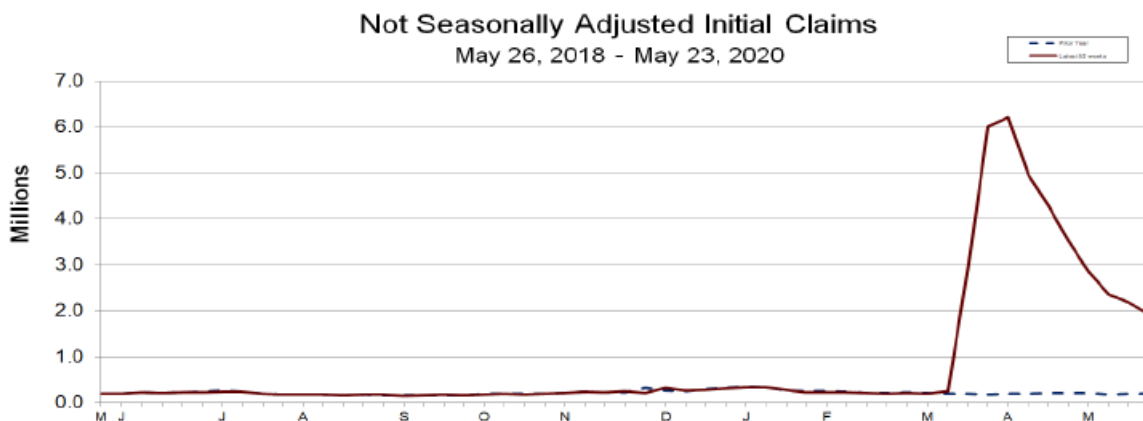
Employment

Initial claims data suggests that May will be the peak of unemployment

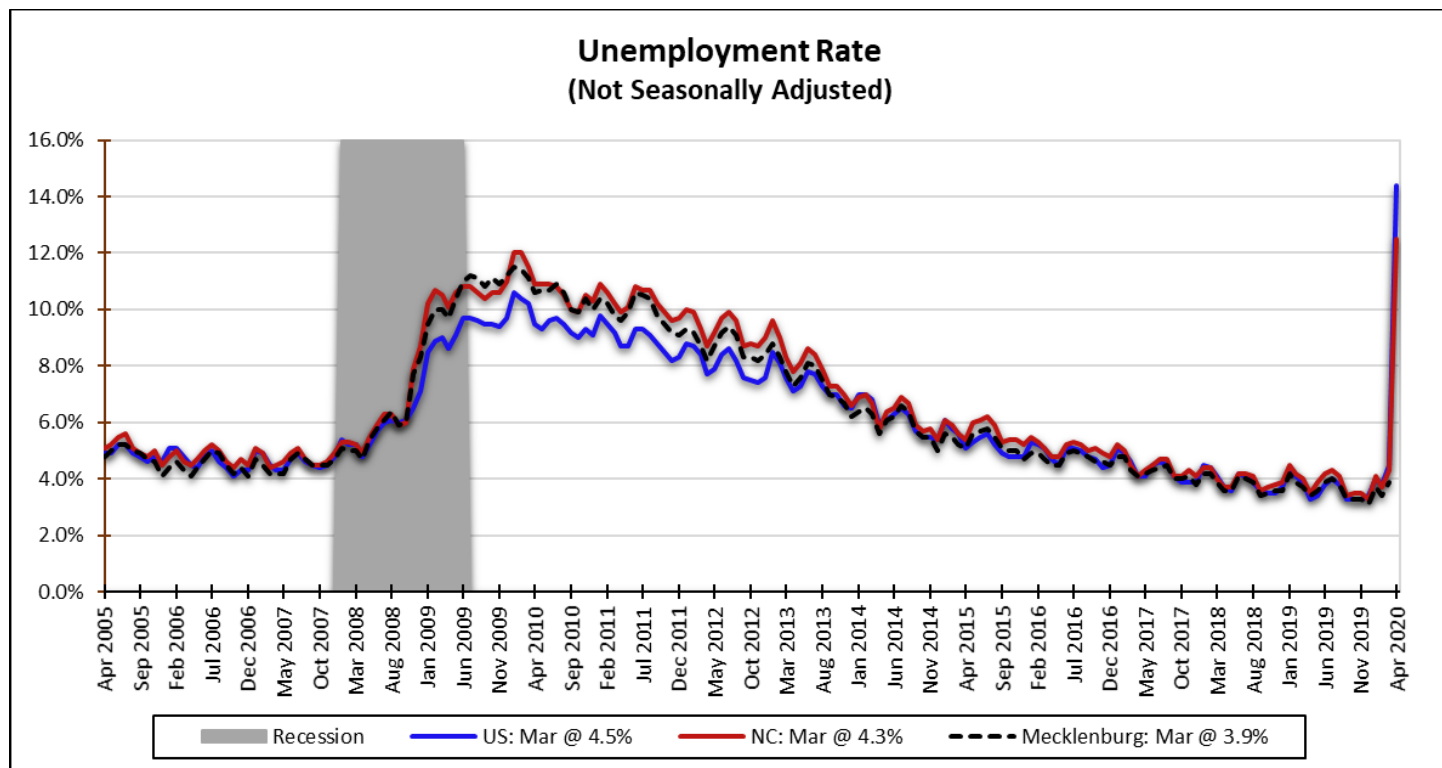
The advance number of actual initial claims under state programs, unadjusted, totaled 1,914,958 in the week ending May 23, a decrease of 266,682 (or -12.2 percent) from the previous week. The seasonal factors had expected an increase of 24,458 (or 1.1 percent) from the previous week. There were 198,194 initial claims in the comparable week in 2019. In addition, for the week ending May 23, 32 states reported 1,192,616 initial claims for Pandemic Unemployment Assistance.

The advance unadjusted insured unemployment rate was 13.1 percent during the week ending May 16, a decrease of 2.5 percentage points from the prior week. The advance unadjusted number for persons claiming UI benefits in state programs totaled 19,051,706, a decrease of 3,742,432 (or -16.4 percent) from the preceding week. The seasonal factors had expected a decrease of 249,116 (or -1.1 percent) from the previous week. A year earlier the rate was 1.1 percent and the volume were 1,509,265.

The good news here is that both new claims and those that are still receiving unemployment benefits are decreasing. May should be our highest unemployment month with a recovery starting in June. North Carolina showed improvements as well with initial claims at 43,221 for the week ending May 23, down 3,692 from the prior week. The state is reporting fewer layoffs in the accommodation and food services, health care and social assistance, and manufacturing industries.



The April employment report indicated almost 90 percent of those who've lost their jobs believe the layoff is temporary. A recent survey released by Salary.com reported 66 percent of employers reduced their company workforce or employee pay in response to COVID-19; but only 10 percent expect the layoffs to be permanent.



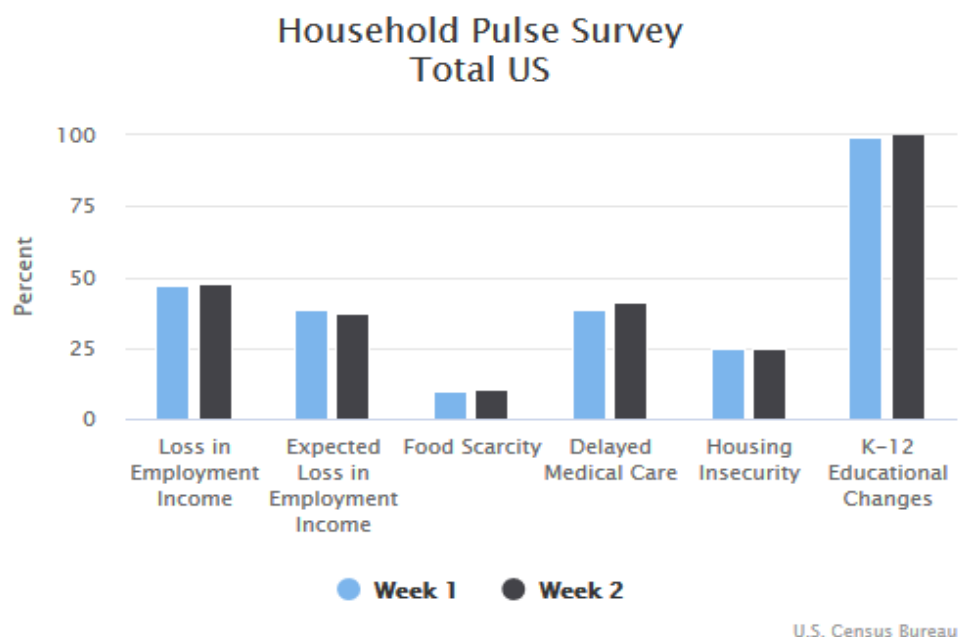
April data is shown for the US (14.4%) and NC (12.2%). The County unemployment figures for April will now be available till June 3rd.

COVID-19 Impact Survey

A new survey from the Census Bureau shows that North Carolina in some regards is faring better than the Nation. However, NC does show higher amounts of food scarcity and housing insecurity than the Nation.

Key Metrics for NC related to COVID-19

- 44.5% of individuals reported a loss of employment income. US was 47.5%
 - **Measure Definition:** Percent of adults in households where someone had a loss in employment income since March 13, 2020.
- 34% compared to 37% in US expects to lose job over the next 4 weeks.
 - **Measure Definition:** Percent of adults who expect someone in their household to have a loss in employment income in the next 4 weeks.
- 12.4% report food scarcity, higher than US of 10.6%
 - **Measure Definition:** Percent of adults in households where there was either sometimes or often not enough to eat in the last 7 days.
- 43.1% report delays in healthcare on par with US average of 43.1%
 - **Measure Definition:** Percent of adults who delayed getting medical care because of the COVID-19 pandemic in the last 4 weeks.
- 25.2% report housing insecurity, higher than US of 24.7%
 - **Measure Definition:** Percent of adults who missed last month's rent or mortgage payment, or who have slight or no confidence that their household can pay next month's rent or mortgage on time.



By age, the young have experienced the greatest loss in income and feel less stable in their jobs

| Select characteristics | Total | Experienced loss of income | Expects to lose job in next 4 weeks |
|------------------------|------------|----------------------------|-------------------------------------|
| Age | | | |
| 18 - 24 | 9,682,957 | 62% | 45% |
| 25 - 39 | 78,679,085 | 53% | 41% |
| 40 - 54 | 66,581,707 | 55% | 42% |
| 55 - 64 | 43,605,294 | 48% | 40% |
| 65 and above | 50,621,874 | 24% | 19% |

Roughly half of those surveyed without a bachelor's degree or higher have experienced a loss of income. The expectations of job security show those with lower levels of education harbor more fears about their employment security.

| Select characteristics | Total | Experienced loss of income | Expects to lose job in next 4 weeks |
|---------------------------------|------------|----------------------------|-------------------------------------|
| Education | | | |
| Less than high school | 15,623,810 | 56% | 46% |
| High school or GED | 82,017,843 | 51% | 42% |
| Some college/associate's degree | 75,901,912 | 51% | 39% |
| Bachelor's degree or higher | 75,627,352 | 38% | 28% |

Lower health individuals

| Health status | Total | | |
|----------------|------------|-----|-----|
| Excellent | 41,145,387 | 40% | 29% |
| Very good | 80,698,283 | 44% | 33% |
| Good | 69,772,400 | 52% | 41% |
| Fair | 31,220,243 | 54% | 47% |
| Poor | 7,473,772 | 52% | 46% |
| Did not report | 18,860,831 | 48% | 36% |

In terms of income, higher income households have experienced less disruptions in income and unemployment than lower income households.

| Household income | | | |
|-----------------------|------------|-----|-----|
| Less than \$25,000 | 35,242,194 | 54% | 47% |
| \$25,000 - \$34,999 | 27,085,271 | 55% | 49% |
| \$35,000 - \$49,999 | 29,470,256 | 52% | 40% |
| \$50,000 - \$74,999 | 39,965,512 | 50% | 37% |
| \$75,000 - \$99,999 | 29,422,668 | 46% | 32% |
| \$100,000 - \$149,999 | 32,040,139 | 41% | 31% |
| \$150,000 - \$199,999 | 14,544,793 | 37% | 27% |
| \$200,000 and above | 15,568,539 | 29% | 19% |
| Did not report | 25,831,544 | 47% | 36% |

Source: US Census Bureau

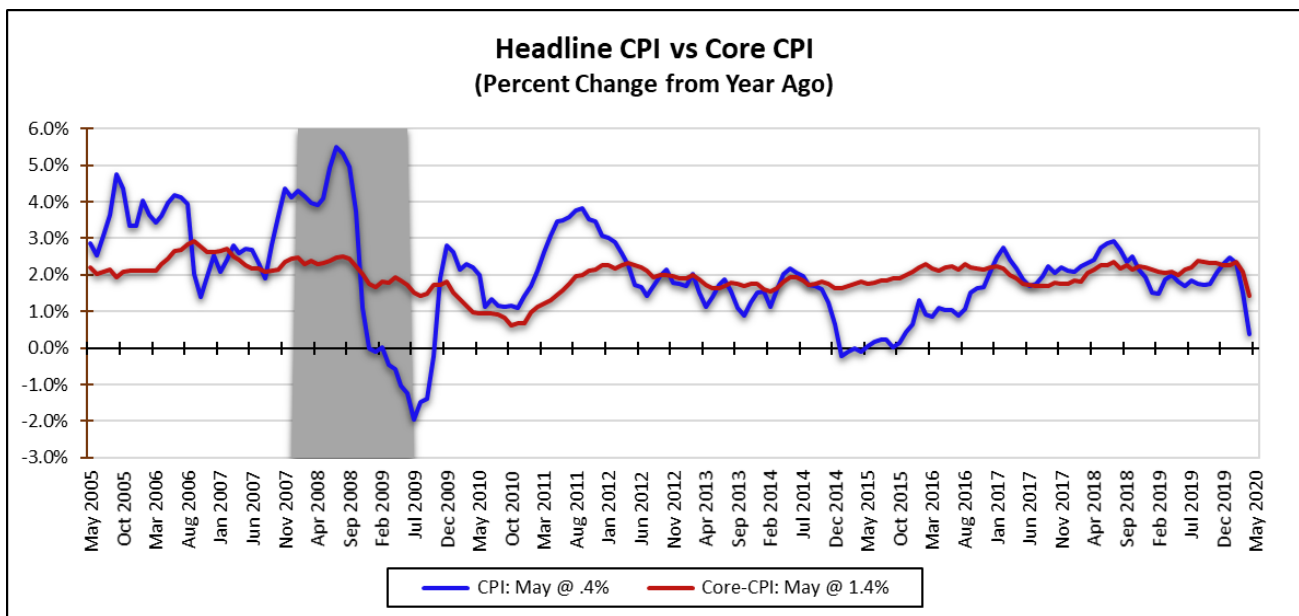
Inflation

Inflation decreased sharply at the onset of Covid-19 led by declines in energy

The Consumer Price Index for All Urban Consumers (CPI-U) declined 0.8 percent in April on a seasonally adjusted basis, the largest monthly decline since December 2008. Over the last 12 months, the all items index increased 0.3 percent before seasonal adjustment.

A 20.6-percent decline in the gasoline index was the largest contributor to the monthly decrease in the seasonally adjusted all items index, but the indexes for apparel, motor vehicle insurance, airline fares, and lodging away from home all fell sharply as well. In contrast, food indexes rose in April, with the index for food at home posting its largest monthly increase since February 1974. The energy index declined mostly due to the decrease in the gasoline index, though some energy component indexes rose.

Airfare travel prices declined 12.6 percent. The collapse in demand for air travel can be shown in the 95 percent reduction in the count of people passing through TSA security checkpoints. Airlines have recently begun hauling more cargo to make up for the loss of passengers.



Source: Bureau of Labor Statistics

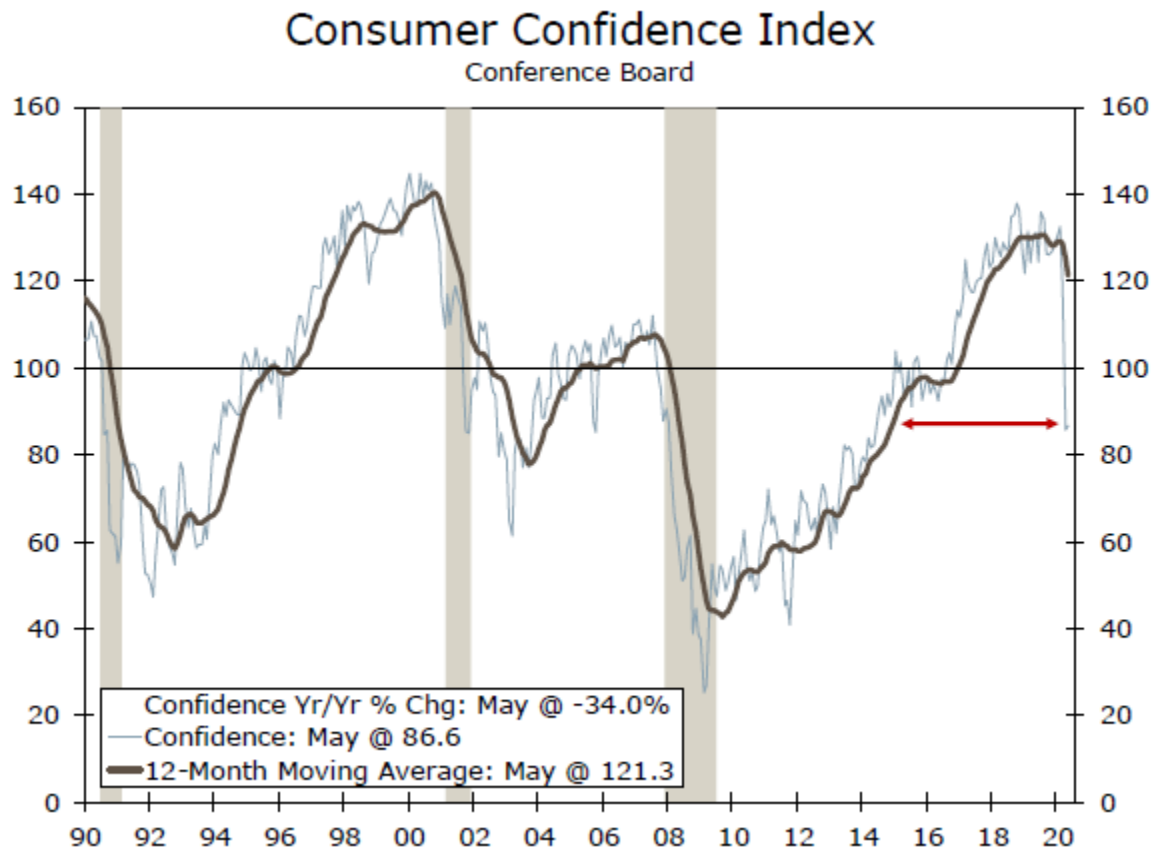
Consumer Confidence

Consumer confidence appears to have stopped its two-month free fall, rising in May to 86.6.

Consumer confidence appears to have stabilized as the economy begins to reopen. In May the index posted a reading of 86.6, up from April's revised reading of 85.7. As of this time all states have reopened in some capacity. Consumers remain concerned about their financial situation given the mass layoffs and uncertain timelines to return to work. While the decline in confidence appears to have stopped for the moment, an uneven path to recovery and potential second wave will continue to loom over consumers in the coming months.

Consumers, however, were moderately more optimistic about the short-term outlook. Those expecting business conditions will improve over the next six months increased from 39.8 percent to 43.3 percent, while those expecting business conditions will worsen decreased, from 25.1 percent to 21.4 percent.

Consumers' outlook for the labor market was mixed. The proportion expecting more jobs in the months ahead declined from 41.2 percent to 39.3 percent, however those anticipating fewer jobs in the months ahead also decreased, from 21.2 percent to 20.2 percent.



Source: The Conference Board, Chart via Wells Fargo

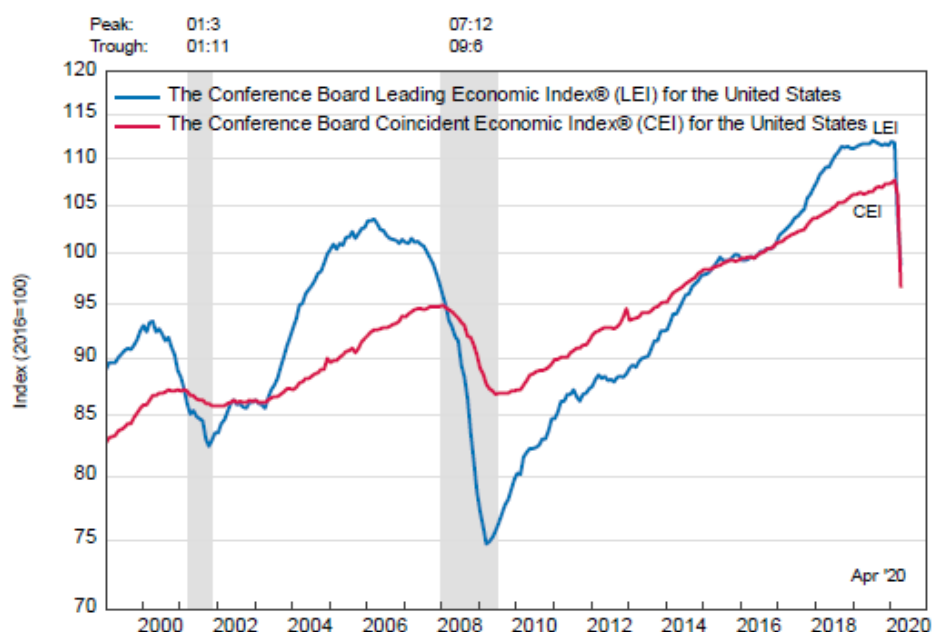
Leading Economic Indicator (LEI)

Leading Economic Index posted its largest decline ever in March and continued to fall into April.

The Conference Board Leading Economic Index® (LEI) for the U.S. declined 4.4 percent in April to 98.8 (2016 = 100), following a 7.4 percent decline in March, and a 0.2 percent decline in February.

“In April, the US LEI continued on a downward trajectory, after posting the largest decline in its 60-year history in March,” said Ataman Ozyildirim, Senior Director of Economic Research at The Conference Board. “The erosion has been very widespread, except for stock prices and the interest rate spread which partially reflect the rapid and large response of the Federal Reserve to offset the pandemic’s impact and support financial conditions. The sharp declines in the LEI and CEI suggest that the US economy is now in recession territory.”

“Business conditions may recover for some sectors and industries over the next few months,” added Bart van Ark, Chief Economist at The Conference Board, “But, the breadth and depth of the decline in the LEI suggests that an imminent re-opening of some sectors does not imply a fast rebound for the economy at large.”



The ten components of The Conference Board Leading Economic Index® for the US include:

- Average weekly hours, manufacturing
- Average weekly initial claims for unemployment insurance
- Manufacturers' new orders, consumer goods and materials
- ISM® Index of New Orders
- Manufacturers' new orders, nondefense capital goods excluding aircraft orders
- Building permits, new private housing units
- Stock prices, 500 common stocks
- Leading Credit Index™
- Interest rate spread, 10-year Treasury bonds less federal funds
- Average consumer expectations for business condition

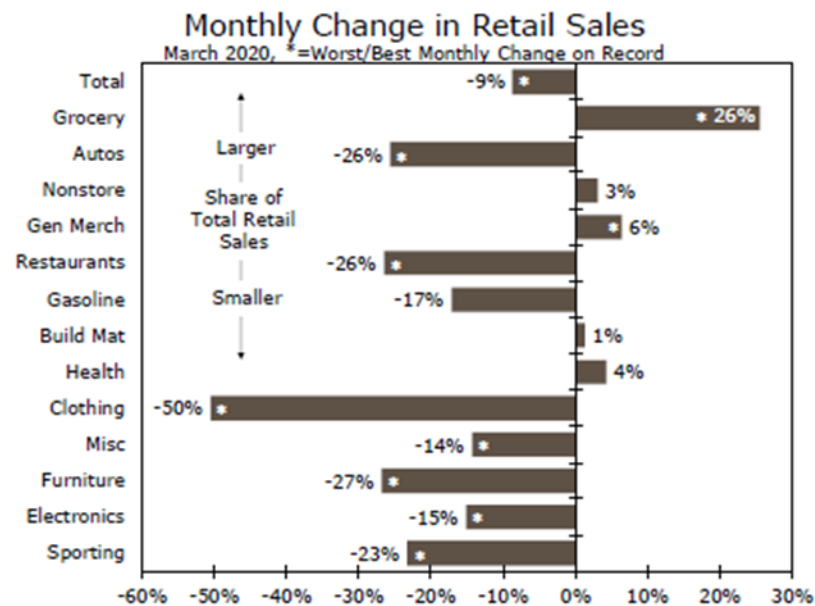
Source: The Conference Board

Sales Taxes

Sales taxes through February were strong with the County up 7.9% year-over-year. Due to the lag in sales taxes we have yet to see the impact on County sales taxes from Covid-19.

The March report of sales taxes is out this covers us through February. As expected, we had another good month in February putting us up for the year at 7.9 percent FYTD. February posted an 8.3 percent YoY return from last February, County collections were up 1.7 percent, but the bulk of the monthly gain come from lower refunding activity. Refunds were down 77 percent from last year where we had \$3.9 million in refunds vs \$0.8 million this year.

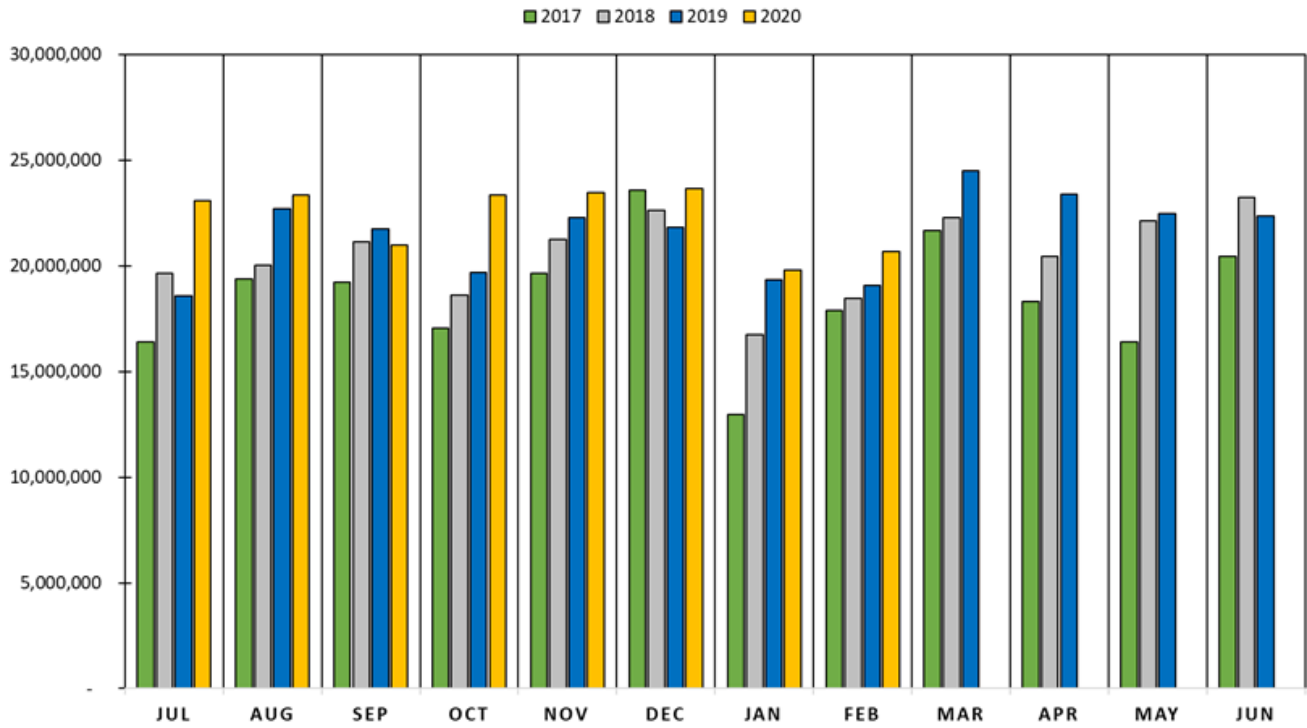
In January we had a bump in refunds which looks to have offset the normal February refunds. March has generally been a low month for refunds with the last 5 years averaging \$2.3 million. I do expect that March will start to show some of the COVID impacts. Based on the advance retail spending report for March retail sales declined 8.7 percent from February, or -6.2 percent from last year which should not translate to a major loss in sales tax for March. Consumers shifted higher tax consumption items such as eating at restaurants was substituted for grocery spending which should mean we can expect the decline to be slightly larger due to the reduced sales taxes associated with groceries. Chart below shows based on the purchase how it shifted in March (asterisks represent a record high or low in that category).



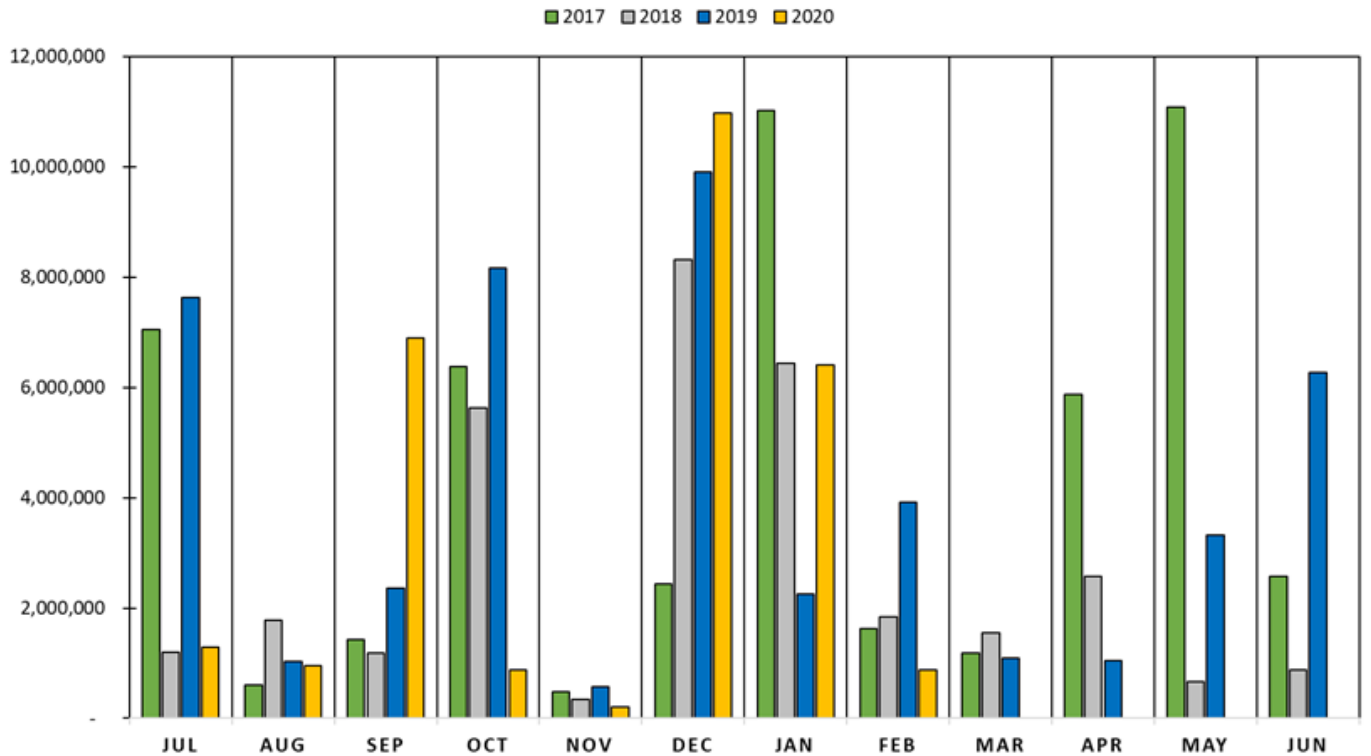
To hit our base case covid projection of \$253.3 mil we can post losses of 19.1% for the remaining four months. I don't expect us to see that bad of a return next month, but in April we will surely exceed that target. Some reports on small businesses show that customers are returning following the loosening of lockdown guidelines so that does leave some hope that April will be the worst of this.

Source: North Carolina Department of Revenue (NCDOR) chart via Wells Fargo

YOY COMPARISON OF TOTAL SALES TAX (W/O ART 43)



YOY COMPARISON OF REFUNDS

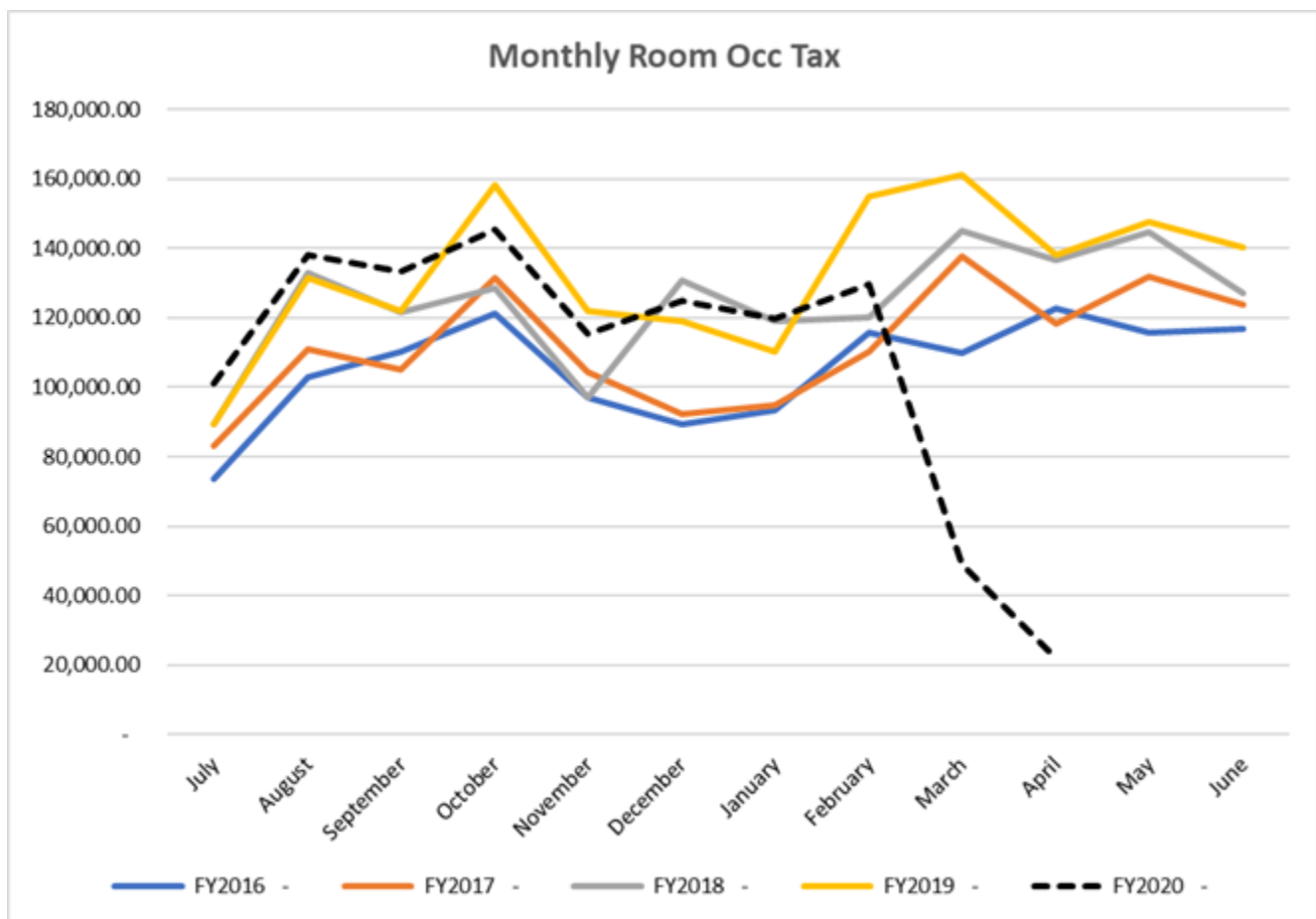


Mecklenburg Room Occupancy Tax

Room Occupancy tax plummets 84% as Covid-19 takes a toll on the hotel and accommodation industry. Expecting a slow recovery for leisure travel over the next year.

Our forecast for room occupancy tax at the onset of Covid-19 was reduced from \$1.6 million to \$1.13 million. The County experienced 70 percent declines in room occupancy taxes in March, followed by the current 84 percent drop. This leaves us with two remaining months for the fiscal year. Considering a case where May is down 80 percent and June improves slightly to a 65 percent drop in revenues, we would come in at \$1.15 million.

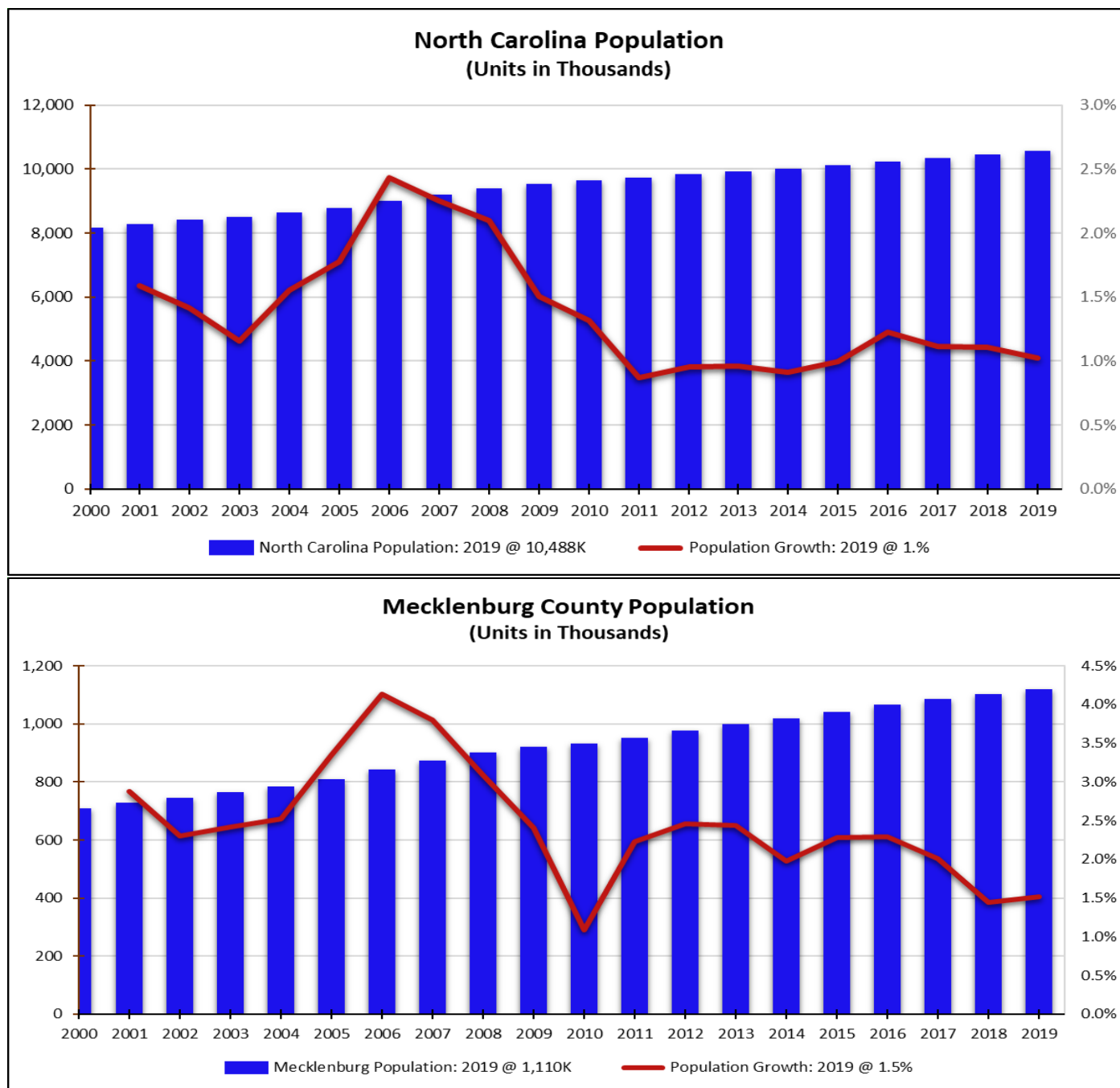
The room occ tax for the County for April shows an 84 percent decrease year-over-year (black dotted line below). Year-to-date we have total room occ tax of \$1,078,580, a 17 percent decline from where we were last year at \$1,306,551. Although we have started reopening the County for business, we should expect that May will also show decreases of around the same magnitude. If the County remains open June should show some improvement, but with events canceled and many businesses still working at home the hotel industry will face a multi month protraction of business. The hotel industry in the County is split amongst business and leisure travel. Business travel will likely recover faster than leisure travel as events, conventions, and shows require months of lead time to plan, set up, and sale tickets.



Population

Mecklenburg County continues to grow faster than the state at 1.5 percent compared to the state at 1 percent. 2019 County population at 1,110,356

Mecklenburg County's population grew to 1,110,356 in 2019 up 1.5% from the previous year. The County is now the second largest in NC as Wake County's population increased to 1,111,761.



Source: Census Bureau

Mecklenburg County Office Market Statistics

The Charlotte office market through the 1st quarter continued to be one of fastest growing in the nation with 5.3 million square feet under construction. However, this is likely the peak of new construction until the economy recovers.

In the 1st quarter of 2020 the office market in Charlotte showed a decline in vacancy rates from 11.5% to 8.3%. Currently, there is 5.3 million square feet of new inventory under construction with 2.5 million square feet concentrated in the uptown CBD market. This is up from the 4th quarter where we had 5.0 million square feet under construction. The construction industry during recessions suffer, as businesses contract or delay expansions in times of hardship. The 5.3 million square feet under construction will most likely be our peak in construction until the economy recovers.

Asking rents in the 1st quarter are up \$2.06 from the 4th quarter at \$32.10 per square foot. As of vacancies have declined there could be more upward pressure on asking rents, but due to COVID-19 and the economic impact it has had on the economy it is likely demand for new office space will slow. I would expect to see the current buildings under construction finish and rents to hold in the near term as the supply and demand conditions for these spaces balance out.

CHARLOTTE

Office Q1 2020

CUSHMAN & WAKEFIELD

MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | SUBLET VACANT (SF) | DIRECT VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION | YTD OVERALL ABSORPTION (SF) | YTD LEASING ACTIVITY (SF)** | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (ALL CLASSES)* | OVERALL AVG ASKING RENT (CLASS A)* |
|----------------------------|-------------------|--------------------|--------------------|----------------------|------------------------------------|-----------------------------|-----------------------------|------------------|--|------------------------------------|
| CBD / UPTOWN TOTALS | 19,140,506 | 95,956 | 844,699 | 4.9% | 109,041 | 109,041 | 360,488 | 2,547,915 | \$33.06 | \$34.40 |
| Airport | 10,050,563 | 17,889 | 1,064,351 | 10.8% | -54,976 | -54,976 | 172,755 | 0 | \$23.67 | \$26.07 |
| East | 858,976 | 0 | 218,347 | 25.4% | -41,015 | -41,015 | 8,506 | 0 | \$16.00 | \$0.00 |
| Matthews | 1,064,801 | 51,650 | 117,550 | 15.9% | 1,545 | 1,545 | 48,590 | 0 | \$15.59 | \$0.00 |
| Midtown | 3,200,533 | 5,001 | 184,833 | 5.9% | -31,469 | -31,469 | 82,029 | 1,729,872 | \$29.69 | \$29.91 |
| Northeast / I-77 | 1,837,720 | 43,772 | 219,902 | 14.3% | 12,697 | 12,697 | 23,428 | 0 | \$25.49 | \$25.75 |
| Northwest | 23,278 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | \$0.00 | \$0.00 |
| Park Road | 651,398 | 9,383 | 48,997 | 9.0% | -53,825 | -53,825 | 26,457 | 0 | \$0.00 | \$0.00 |
| Plaza Midwood / NoDa | 471,671 | 0 | 135,617 | 28.8% | 1,810 | 1,810 | 7,409 | 579,972 | \$34.00 | \$34.00 |
| South | 1,079,906 | 1,748 | 72,634 | 6.9% | 17,099 | 17,099 | 17,173 | 0 | \$25.01 | \$25.35 |
| South / 485 | 5,912,427 | 95,260 | 429,779 | 8.9% | 200,280 | 200,280 | 58,0854 | 328,000 | \$33.47 | \$33.55 |
| SouthPark | 4,430,937 | 12,050 | 319,450 | 7.5% | -39,361 | -39,361 | 46,553 | 0 | \$32.47 | \$35.24 |
| University | 4,082,877 | 31,197 | 359,202 | 9.6% | 28,785 | 28,785 | 74,313 | 159,041 | \$22.43 | \$25.15 |
| SUBURBAN TOTALS | 33,665,087 | 267,750 | 3,170,662 | 10.2% | 41,570 | 41,570 | 565,267 | 2,796,885 | \$27.21 | \$30.86 |
| Class A | 37,184,004 | 260,852 | 2,332,286 | 7.6% | 421,596 | 421,596 | 680,039 | 4,693,300 | N/A | \$32.10 |
| Class B | 15,621,589 | 102,854 | 1,683,075 | 11.4% | -270,985 | -270,985 | 245,716 | 651,500 | N/A | N/A |
| CHARLOTTE TOTALS | 52,805,593 | 363,706 | 4,015,361 | 8.3% | 150,611 | 150,611 | 925,755 | 5,344,800 | \$29.04 | \$32.10 |

*Rental rates reflect full service asking

**YTD Leasing Activity is not reflective of U.S. MarketBeat Tables

Source: Cushman and Wakefield

Mecklenburg County Housing Market Statistics

Covid-19 hit April hard on both the supply and demand side of the housing market. However, while sales were down year over year, County home prices remained resilient posting an 11.4% gain over last April.

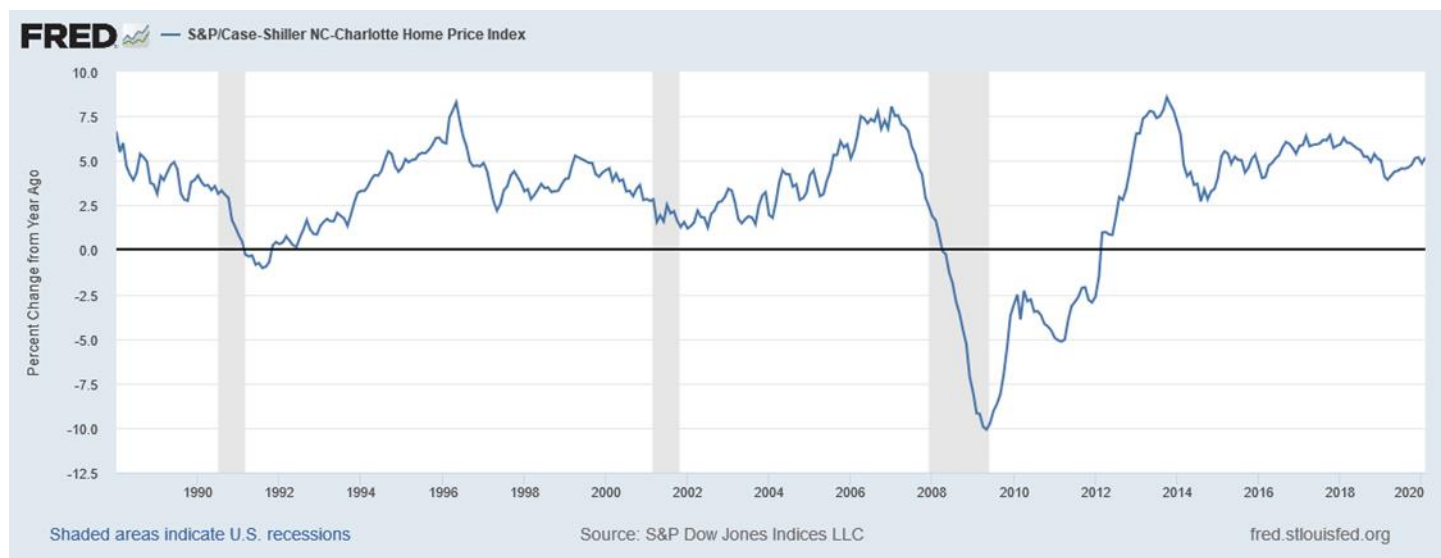
Mecklenburg County's year-over-year home sales for April decreased 25.9%, with 1,370 properties sold compared to 1,850 properties over the same period last year. Pending sales are down 31.5% for the month with 1,399 this year compared to 2,041 in the previous year.

New listings year-over-year were down 35.3% with 1,593 properties up for sale compared to 2,462 properties up for sale over the same period last year.

The average home price in the 12-months ending April for the County is up 11.4% at \$379,451 compared to \$340,645 in the 12-months ending April 2019.

As expected, April was a rough month for the housing market with COVID-19 impacting both the supply and demand side. On the supply side there was the large contraction in new listings, and on the demand side both pending sales and closed sales were down. Both the average and median sales prices were higher as well as the percentage of original asking price received by sellers showing that sellers through April are taking the driver's seat in home buying negotiations. One of the main causes of this is that supply is still extremely limited with only 1.5 months of supply on the market, meaning with no new listing the current amount of homes on the market would be exhausted in about 45 days.

As for the future of home prices, it is unlikely that housing prices will fall. It is more likely that growth in home prices will slow or fall to near zero growth in the short run. The great recession of 2008 was the exception as that recession was in large part due to issues in the housing market with banks' lending NINJA (no income, job, or asset) loans as well as a large overbuild of homes on the market. Bad lending practices have been cleaned up and as you can see by the low inventory available that we are not in the same situation. Looking to past recession using the S&P/Case-Schiller Index for Charlotte home prices show that other than the great recession of 2008, home prices either stayed positive or only showed a minimal reduction in the other two recessions.

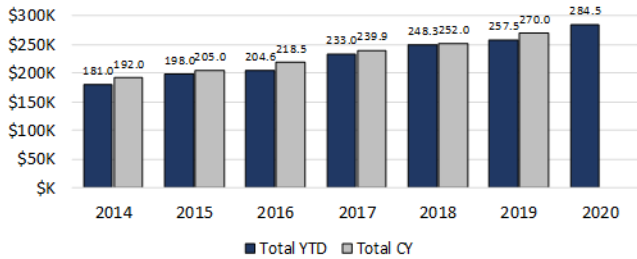


Source: S&P / Case Schiller and Canopy MLS

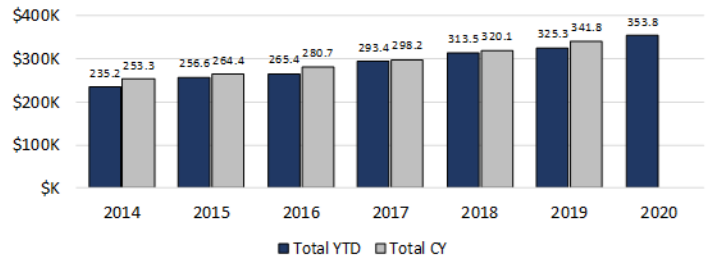
| Mecklenburg County | | | April | | | Year to Date | | |
|---|---------|---------|-------|----------------|--|--------------|-------------|----------------|
| Key Metrics | 2019 | 2020 | | Percent Change | | Thru 4-2019 | Thru 4-2020 | Percent Change |
| New Listings | 2,462 | 1,593 | | ↓35.3% | | 8,575 | 7,616 | ↓11.2% |
| Pending Sales | 2,041 | 1,399 | | ↓31.5% | | 7,165 | 6,625 | ↓7.5% |
| Closed Sales | 1,850 | 1,370 | | ↓25.9% | | 5,793 | 5,837 | ↑0.8% |
| Median Sales Price* | 268,250 | 305,425 | | ↑13.9% | | 257,500 | 284,500 | ↑10.5% |
| Average Sales Price* | 340,645 | 379,451 | | ↑11.4% | | 325,323 | 353,847 | ↑8.8% |
| Percent of Original List Price Received | 97.3% | 98.5% | | ↑1.2% | | 96.9% | 97.6% | ↑0.7% |
| List to Close | 86 | 86 | | 0.0% | | 94 | 91 | ↓3.2% |
| Days on Market Until Sale | 38 | 32 | | ↑15.8% | | 44 | 39 | ↑11.4% |
| Cumulative Days on Market Until Sale | 45 | 39 | | ↑13.3% | | 52 | 47 | ↑9.6% |
| Inventory of Homes for Sale | 3,599 | 2,640 | | -26.6% | | | | |
| Months Supply of Inventory | 2.2 | 1.5 | | -31.8% | | | | |

* Does not account for sale concessions and /or down payment assistance.

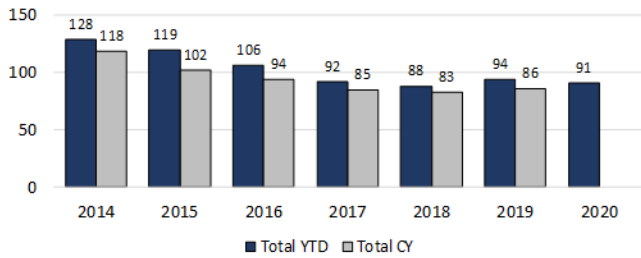
Median Sales Price



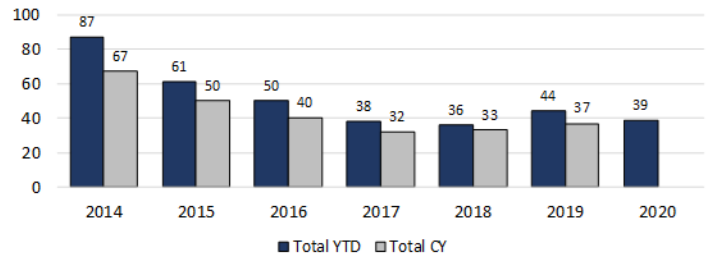
Average Sales Price



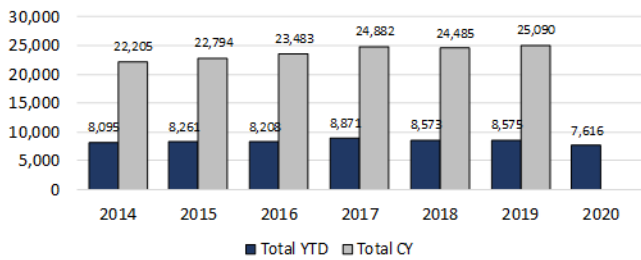
List to Close



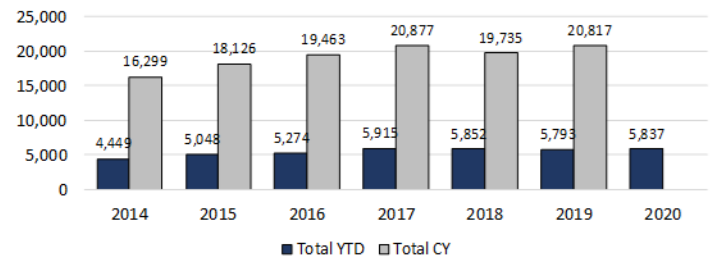
Days on Market Until Sale



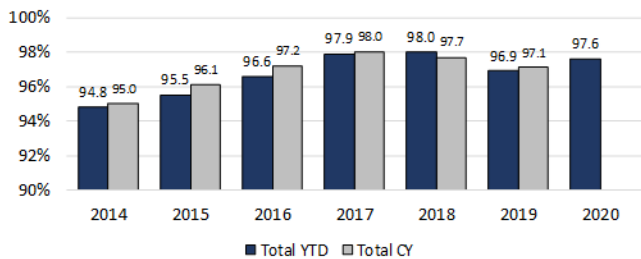
New Listings



Closed Sales



Percent of Original List Price Received



Cumulative Days on Market Until Sale

